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The Director of Central Intelligence

Washington, D.C. 20505

Resource Management Staff

DCI/ICS 78-1192  
16 October 1978

MEMORANDUM FOR:

Special Assistant to the DCI for Counterintelligence

FROM:

Acting Director, Policy Guidance Office

SUBJECT:

Input to the DCI Annual Report ☐

1. ☐ Preparation of the DCI's Annual Report for calendar year 1978, due to the President and the Congress by 25 January 1979, is now under way. The DCI has approved a concept for this year's Annual Report which is more selective than last year's, both because this seems more appropriate to a 1978 characterized by attention to key intelligence issues rather than the comprehensive report approach used for 1977 as a year of extensive community restructuring, and also to limit length for a busy reader to a manageable 30-40 pages (last year's ran 80 plus). The DCI has also approved an outline for this year's report (Attachment 1). Part I is designed to allow the DCI to highlight the particular characteristics and emphases of 1978 in intelligence; Part II is intended to air several issues of great importance to him, his key Executive users, and the Congress. The Annual Report will carry a high classification and receive extremely limited distribution.

2. ☐ Additionally, in a 15 September 1978 letter to the DCI discussing content of the DCI's Annual Report generally (Attachment 3), Chairman Boland of the HPSCI included a list of six special subjects to be covered in this year's Annual Report. In an interim response the DCI has agreed to provide this information. HPSCI request number 2. is: "A comprehensive statement with specific instances of foreign intelligence activities against the intelligence community organizations and corrective action taken by the FBI, the CIA, NSA and the Military Services." We would appreciate it if you would take the lead in staffing out a request for data pertinent to answering this request with CIA, the FBI, NSA and the Military Services, and in fashioning their inputs into a comprehensive statement with specific appropriate instances. Depending on length and other considerations, we can then either incorporate it into the body of the DCI's Annual Report or note highlights and append your full report to the HPSCI's copy of the Annual Report.

3. ☐ You will note that the subject matter of this HPSCI request and sections 1, Espionage, and 4, New directions in the foreign counter-intelligence program, overlaps. We would appreciate your organizing CIA and

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community (as appropriate) comment and input for these two Annual Report sections. Specifically:

a. What have been the principal characteristics of known foreign espionage against the US Government and its intelligence organizations and programs in 1978, especially noting level and sensitivity of access? What in particular appear to be the ramifications and implications of the Kampiles case?

b. What should be the DCI's position with the President and the Congress on possible "moles" in US intelligence or elsewhere in sensitive parts of the US national security and foreign affairs apparatus?

c. Please comment on your role as SA/DCI/CI, your objectives, priorities and highlights of your work to date.

d. Please comment on important characteristics or new directions in the foreign counterintelligence program generally, including the SCC(CI). Specific overview comments on the nature and progress and constraints of the FBI's foreign counterintelligence program would be especially helpful, as the HPSCI has indicated interest in attention to their program in this year's Annual Report. (Attachment 3; we are also querying the FBI directly about their program for Annual Report use.)

25X1 4. ☐ We are asking the DCI Security Committee and the Community Security Group to take the lead in input for sections 2, leaks, and 3, security programs, of the Security and Counterintelligence Issues section of the Annual Report outline, as well as the response to the HPSCI task 6 on unauthorized disclosure of classified data. Obviously this division is somewhat arbitrary, and you may well have comment for these tasks as well.

25X1 5. ☐ is responsible for producing this year's DCI Annual Report. Please identify a principal point of contact for her to work with. We shall need your overview comments for sections 1 and 4 by COB 6 November, in order to accomplish integrated drafting of the entire Annual Report in November, review in December and DCI clearance and production in January. We will need highlights on HPSCI task 2 also by 6 November, with the comprehensive report they desire in January in time to append to the HPSCI copy of the Annual Report.

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Attachments:

1. DCI Revised Outline - AR for 1978
2. DCI letter to NFIB principals requesting help on Annual Report
3. Boland letter to DCI (15 Sep w/att & DCI interim reply)

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Distribution: DCI/ICS 78-1192

Original & 1 - SA/DCI/CI w/atts

1 - OLC w/atts

1 - GC w/atts

1 - Chairman, DCI Security Committee via Exec Sec. w/atts

1 - Assistant for Public Affairs w/atts

1 - DDA/OS w/atts

1 - DDO/C/CI  w/atts

1 - RM/EO w/atts

1 - RM/CLLO w/atts

1 - RM/PGO Chrono w/atts

1 - RM/PGO Subject (1978 AR Production/Tasking) w/atts

1 - RMS Registry w/atts

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6 October 1978

DCI REVISED OUTLINE - ANNUAL REPORT FOR 1978

I. 1978 in Intelligence

A. Execution of the E.O. and Other Organizational Questions

1. evolution of the PRC(I); work on user priorities
2. resources: experience in use of DCI's budget authority
3. production
  - a. NFAC's first full year
  - b. DIA
  - c. INR
  - d. DCI substantive committees (EIC, JAEIC, STIC, WSSIC)
4. collection
  - a. status of NITC
  - b. 3 DCI collection committees
5. other management
  - a. DDCI
  - b. NFIB: shifting membership/concerns
6. I&W

B. New or Altered Emphases in Analysis

1. strategic balance: new developments & experience in communicating them
2. proliferating support for arms limitation talks
3. emergence of China as an active world player
4. world petroleum supply

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5. substantive support for crises--e.g., Ogaden, Shaba II  
(Afghanistan?)
- C. Intelligence and the Congress
  1. activities in support of both oversight committees
  2. activities in support of other committees
  3. charter legislation
- D. Legal and Propriety Issues
- E. Security and Counterintelligence Issues
  1. Espionage
    - a. Kampiles
    - b. "moles," etc.
    - c. counterintelligence initiatives
  2. Leaks
    - a. Authors
    - b. Others
    - c. Remedies?
  3. Other security measures; e.g., implementation of new industrial security measures
  4. New directions in foreign counterintelligence program
    1. role of new DCI CI coordinator
    2. PRC (CI)
- F. Covert Action - emphasis on mission and programs
- G. Intelligence and the public - new emphases

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H. Major Accomplishments 1978

- a.
- b.
- c.
- d.

II. KEY ISSUES (lead into with NFIP graphics)

The early 1980s budget bow wave and trade-off issues on technical sensors  
optical vs. radar imagery upgrade competition: issues, outcome,  
rationale;  
COMINT/ELINT upgrade needs, appropriate packages  
HF modernization

Quality of Analysis and Policy Support

including progress on improving interdisciplinary analysis  
collection/production: an appropriate budget balance?

Community ADP

National/Tactical Interface Issues

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